

## Identifying Critical Success Factors in Alabama Wine Tourism: A Case Study of the Providers

### Abstract

Wine tourism is a fairly new phenomenon, tied closely to the increase in wine consumption in developing and developed countries in many different parts of the world. Wine tourism has the ability to help develop regional economies as well as add dramatic depth to rural economies. This is surprisingly the case in Alabama where more than ten wineries operate, mostly in small towns.

The purpose of the study is to identify common themes, practices, and models among wineries in Alabama to determine how these wineries have been able to capture a portion of the wine tourism market in the state of Alabama. In addition, this research tries to find what key factors are contributing to the development of the wine tourism industry in the state and how Alabama's wineries are achieving profitability and success.

In order to gather this information, the researcher will perform in-depth, unstructured interviews of winery representatives that will include on-site visits. Interview questions will be abstracted from an extensive review of the literature including studies of wineries in areas that receive far more wine tourism and all of the questions will be open ended. Additional interviews will be scheduled as needed if something is discovered during the review. The researcher will also record, in a log book, all important aspects of winery design, location, access, scenery, and advertising for later comparison. Based on the results of the interviews, this research will give insight and recommendations to the wine tourism industry in Alabama.

**Keywords:** Wineries, Rural Tourism, Alabama, Special Interest Tourism

## Introduction

Tourism holds many advantages for individual wineries, including increasing sales and customer knowledge, building relationships and brand loyalty, and selling directly to the public where profits are higher (Houghton, 2008). Wine tourism can also increase visitation in pre- and post-peak travel seasons (Wargenau & Che, 2006; Getz, 2000). For small and new wineries, the level to which they tap into tourism and generate ongoing visitation offers a strategy that may help to overcome the new barriers generated by increasing market consolidation in this globalizing industry as well as economic issues.

The purpose of the study is to identify common themes, practices, and models among wineries in Alabama to determine how these wineries have been able to capture a portion of the wine tourism market in the state of Alabama. In addition, this research tries to find what key factors are contributing to the development of the wine tourism industry in the state and how Alabama wineries are achieving profitability and success. The research will also identify what business methods, models, or traits have proven to be unsuccessful and therefore negatively affect the success and profitability of the individual winery. This study is to gain an in depth understanding of the processes of these newly emerging industry models in Alabama. Finally, the study analyses what common themes are contributing to their successes and/or failures. The researcher hypothesizes that there will be a large amount of similarity in location (type of facilities, location relevant to population centers) between each of the wineries in Alabama, likely contributing to their successes. The researcher also hypothesizes that there will be similarities among wineries in services offered, management planning, and business models.

## Literature Review

There has been an acceleration of interest in the recent past among rural farm operators and economic development agencies to use tourism as a vehicle for generating business opportunities and additional revenues (Williams, 2001). Two hospitality industry areas that have been the focus of considerable national and regional government attention because of their income generating capacities and economic development potential are the wine and tourism industries (Hall, Cambourne, Macionis, & Johnson, 1997; AusIndustry, 1996; DIST, 1997; Hall & Johnson, 1997; Cohen & Ben-Nun, 2009). Wine tourism is an area of growing interest because of its potential to contribute to regional development and employment at times of rural restructuring (Hall et al., 1997; Charters & Ali-Knight, 2000). Studies also show that wine tourism is an initiator of regional development and investment (Cohen & Ben-Nun, 2009; Carlsen, 2004; Jaffe & Pasternak, 2004). Wine tourism can also increase visitation in pre- and post-peak travel seasons (Wargenau & Che, 2006; Getz, 2000).

Wine tourism, described by many researchers, is a form of alternative tourism, and is characterized by the visitation to vineyards, wineries, wine festivals, and wine shows for which the main purpose is wine tasting and/or experiencing the attributes of a wine region (Yuan, Morrison, Cai, & Linton, 2008; Kunc, 2009; Hall et al., 1997; Cohen & Ben-Nun, 2009; Hall, 1996; Hall & Macionis, 1997). Wine tourism entails a complete sensory experience (Alonso & Ogle, 2008; Getz, 2000). Participating in wine tourism activities has the potential to provide wine growing areas and the individual wineries within them with opportunities for creating growth and financial security (Houghton, 2008).

There has been dramatic growth in the number of wine tourism destinations since 1990 (Williams, 2001), and wine tourism has become increasingly important in almost all of the world's wine producing regions (Yuan, Morrison, Cai, & Linton, 2005). In areas where wine

production is in a developing phase, exposure to foreign tastes and experience through wine tourism can bring market knowledge to the producers (Szivas, 1999),.

Wine tourism falls into the category of leisure travel and special interest tourism, and has likewise seen dramatic growth in the past few decades (Yuan et al., 2005; Szivas, 1999). There have been many academic articles about the benefits of wine tourism. However, very few papers have been published about issues and challenges about wine tourism. The purpose of this research is to find what specific factors exist in successful wine tourism sites in Alabama and how wineries in Alabama have applied these factors to their winery markets.

## Method

The research will be a case study of Alabama wineries to gain an in depth understanding of their business model, strategic plan, organizational structure, and marketing procedures. In order to gather this information, the researcher will perform in-depth, unstructured interviews of winery representatives that will include on-site visits. Interview questions will be broad and varied, using many ideas gathered from an extensive review of the literature including studies of wineries in areas that receive far more wine tourism. Additional interviews will be scheduled as needed if something is discovered during the review. The researcher will also record, in a log book, all important aspects of winery design, location, access, scenery, and advertising for later comparison. After extensively reviewing the interview responses the researcher will then transfer the information gathered from both personal observations on site and interview responses into code. In order to analyze the data, the code will be grouped and reduced into common themes in Alabama wineries that can then be analyzed.

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